

Message Text

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ORIGIN SS-30

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TREASURY - KOPITS (DRAFT)

S/S- MR.MILLER

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FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO IMMEDIATE

S E C R E T STATE 240798

EXDIS

E.O. 11652: GDS

TAGS: CI, UN, PFOR

SUBJECT: COPPER - COMPANY LAWSUITS

REF: (A) SANTIAGO 5974; (B) SANTIAGO 5965;
(C) STATE 226439

1. CHILEAN EMBASSY FIRST SECRETARY RODRIGUEZ AND LEGAL ADVISOR BONNEFOY CALLED ON DEPARTMENT OFFICERS DECEMBER 6 TO DELIVER NOTE (COPY POUCHED) REQUESTING U.S.G. "INTER-CESSION" WITH ANACONDA AND KENNECOTT FOR "SUSPENSION" OF LITIGATION IN U.S. AND SEVERAL EUROPEAN COUNTRIES AND TO TAKE NO NEW LEGAL ACTIONS DURING THE PERIOD (UNSPECIFIED) REQUIRED FOR CHILEAN NEGOTIATING TEAM HEADED BY JULIO PHILIPPI TO PREPARE FOR DISCUSSIONS WITH COMPANIES.

2. CHILEANS WERE TOLD DEPARTMENT ALREADY INFORMED BY EMBASSY SANTIAGO OF THIS REQUEST AND AS INDICATED BY CHARGE THOMPSON, WE BELIEVE MORE APPROPRIATE AND EFFECTIVE COURSE OF ACTION WOULD BE FOR GOC TO MAKE REQUEST DIRECTLY TO COMPANIES. CHILEANS WERE ALSO TOLD THAT WHILE WE APPRECI-
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ATED DIFFICULTIES FACED BY NEW NEGOTIATING TEAM, IT HAS BEEN OUR UNDERSTANDING THAT GOC WOULD DEAL DIRECTLY WITH COMPANIES. LATTER HAVE BEEN WAITING PATIENTLY BUT WITH INCREASING CONCERN FOR SOME INDICATION OF FORWARD PROGRESS.

IT WAS SUGGESTED THAT CHILEAN REQUEST WOULD FIND MORE FAVORABLE RECEPTION FROM COMPANIES IF MADE IN CONTEXT OF FORWARD MOVEMENT ON NEGOTIATING TIMETABLE.

3. CHILEANS PROFESSED TO BE UNAWARE OF ANY TIMETABLE FOR INITIATION OF COPPER TALKS WITH OR WITHOUT FURTHER EXTENSION BY COMPANIES OF MORATORIUM ON LITIGATION. RODRIGUEZ ACKNOWLEDGED LINK BETWEEN PROGRESS ON COPPER DISPUTE, FORTHCOMING BILATERAL DEBT RESCHEDULING TALKS WITH U.S. AND SUBSEQUENT PARIS CLUB SESSION; HE VOLUNTEERED GOC HOPED TO BEGIN SUBSTANTIVE DISCUSSIONS BEFORE END OF YEAR. RODRIGUEZ ASKED SPECIFICALLY WHETHER FOR PURPOSE OF BILATERAL DEBT RESCHEDULING, INITIATION OF DISCUSSIONS WITH COMPANIES JUST BEFORE OR JUST AFTER DECEMBER 17-18 CIAP REVIEW WOULD SATISFY U.S. REQUIREMENTS UNDER ARTICLE 4. HE WAS TOLD THAT SPECIFIC QUESTION COULD NOT BE ANSWERED AT THIS TIME BUT THAT SOME SUBSTANTIVE PROGRESS ON COMPENSATION ISSUE WAS OBVIOUSLY INDICATED.

4. DURING CONVERSATION CHILEANS WERE REMINDED THAT SOME ASPECTS OF COPPER DISPUTE ARE MORE SUSCEPTIBLE TO RESOLUTION THAN OTHERS, SUCH AS SETTLEMENT OF CERRO CLAIM. CHILEANS CONVEYED IMPRESSION THAT PHILIPPI NEGOTIATING TEAM WANTED TO MASTER ALL ASPECTS OF DISPUTE BEFORE ATTEMPTING TO RESOLVE ANY SPECIFIC ISSUE. BONNEFOY ALSO OBSERVED THAT CHILEAN TEAM HAD BEEN GIVEN FULL NEGOTIATING POWERS. HE SAID HE DID NOT KNOW WHETHER TEAM INTENDED TO CONDUCT ITS NEGOTIATIONS IN SANTIAGO OR IN THE U.S. RODRIGUEZ, HOWEVER, NOTED THAT PHILIPPI MIGHT ACCOMPANY SAEZ WHEN LATTER COMES TO U.S. FOR DECEMBER 17-18 CIAP MEETING.

5. ACTION REQUESTED: WE BELIEVE IT WOULD BE USEFUL IF YOU SOUGHT EARLY MEETING WITH PHILIPPI TO GO OVER SAME POINTS MADE WITH SAEZ PER REFTEL (C). YOU SHOULD, OF COURSE, REITERATE THAT REQUEST TO ANACONDA AND KENNECOTT
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FOR FURTHER SUSPENSION OF LITIGATION WOULD BE MORE PERSUASIVE COMING FROM CHILEANS, ASSUMING IT IS RELATED TO A REASONABLE TIMETABLE FOR BEGINNING SUBSTANTIVE TALKS.

6. WE WELCOME REPORT REFTEL (A) THAT DISCUSSIONS WITH CERRO'S LOCAL COUNSEL PUGA HAVE BEEN INITIATED. YOU SHOULD CONTINUE TO USE APPROPRIATE OPPORTUNITIES TO STRESS DESIRABILITY OF INITIATING SIMILAR DISCUSSIONS WITH REPS OF OTHER COMPANIES. KISSINGER

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